



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 27, 2007

H.R. 2787 **CJ's Home Protection Act of 2007**

*As ordered reported by the House Committee on Financial Services
on September 18, 2007*

H.R. 2787 would require the Department of Housing and Urban Development (HUD) to issue a new standard requiring that each manufactured home delivered for sale be supplied with a weather radio that meets certain performance specifications and can receive broadcasts of emergency information related to local weather conditions. Under current law, a committee representing both producers and users of manufactured housing makes recommendations to HUD on regulations concerning such homes. H.R. 2787 would require the committee to develop a proposed standard meeting the requirements specified in the bill; HUD would be required to finalize the standard within 90 days of receiving that proposal. The bill also would require HUD to prepare a report to the Congress that examines whether the requirement to provide weather radios in new manufactured homes should be limited to homes located in specific geographic areas.

Under current law, HUD monitors and enforces manufactured home safety standards through a joint federal and state program funded by inspection fees paid by builders of the manufactured homes. Such fees are recorded on the budget as discretionary offsetting collections and may be spent subject to provisions in appropriation acts. Based on information from HUD, CBO estimates that implementing H.R. 2787 would have no significant net effect on spending subject to appropriation in any year. Enacting H.R. 2787 would not affect direct spending or revenues.

The bill's requirement that each manufactured home delivered for sale be equipped with a weather radio would extend an existing preemption of state and local authority that prohibits state and local governments from establishing, or continuing in effect, laws regarding the safety of manufactured homes if those standards are not identical to the federal standards. CBO has identified safety standards for manufactured home in at least one state that are similar but not identical to the requirements in H.R. 2787. Preempting such state laws is an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). However, because the preemption would simply prohibit the application of state law, CBO estimates that the mandate would impose no significant costs on state, local, or tribal

governments and would be well below the threshold established by UMRA (\$66 million in 2007, adjusted annually for inflation).

H.R. 2787 would impose a private-sector mandate, as defined in UMRA, on manufacturers of manufactured housing. The bill would require all manufactured homes delivered for sale to be supplied with weather radios equipped with a tone alarm and specific alert message encoding, and in compliance with the Consumer Electronics Association's performance standards for public alert receivers. Based on information from industry sources, the cost of such radio equipment could amount to \$30 per radio and up to \$50 when including the overhead costs associated with supplying each radio, such as storage, shipment fees, and taxes. According to information from HUD, approximately 100,000 manufactured homes are expected to be sold in 2008. That number is expected to decrease in subsequent years if the current trend in sales of manufactured homes continues. Consequently, CBO expects that the direct cost of the mandate would fall below the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs), Lisa Ramirez-Branum (for the state and local impact), and MarDestinee Perez (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.